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ASIAN PACIFIC ECONOMIC COOPERATION
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RUEHHM/AMCONSUL HO CHI MINH CITY 0230

UNCLAS SECTION 01 OF 02 HANOI 001308

SENSITIVE
SIPDIS
COMMERCE FOR 4430/ITA/MAC/OPB/VLC/HPPHO
COMMERCE PASS TO ADVOCACY CENTER
US TDA PASS FOR DIANA ROSSITER
STATE/EEB PASS TO OPIC

E.O. 12958: N/A

TAGS: [EAID](#) [EAIR](#) [EFIN](#) [EINV](#) [ELTN](#) [ECON](#) [VM](#)

SUBJECT: Keep on Movin': Ambassador Promotes U.S. Companies to meet Vietnam's Transportation Infrastructure Needs

11. (SBU) Summary: The Ambassador advocated on behalf of U.S. businesses in a November 30 meeting with Vietnam's Minister of Transportation, emphasizing that U.S. companies' technology and experience could play an important role in the development of Vietnam's transportation sector. Ambassador also urged the Minister to increase personnel and resources necessary for Vietnam to pass an FAA safety audit required for direct flights to the United States. End Summary.

12. (SBU) The Ambassador highlighted the potential contribution of U.S. companies - with their world class technology and experience - in the development of Vietnam's transportation infrastructure in a November 30 meeting with Vietnam's Minister of Transportation Ho Nghia Dung. Vietnam, with an estimated USD \$200 billion in new infrastructure needs over the next five years, is actively courting Foreign Direct Investment (FDI) in infrastructure, particularly in the transportation sector. The Ambassador noted that a number of U.S. companies have recently expressed strong interest in infrastructure projects in Vietnam. For example, Raytheon has introduced to the Ministry of Transportation (MOT) smart highways technology, which allows charging freight on roads without toll booths. Several U.S. locomotive engine providers have met with Vietnam Railways to discuss how they might assist in the upgrading of the Vietnamese national rail system, specifically in equipment and railway line technology. U.S. companies are also interested in Vietnam's civil aviation sector: John Bean Technology Corporation has submitted a bid to supply passenger boarding bridges at Danang Airport; Airis is vying to develop the second terminal at Hanoi's Noi Bai Airport; and GHS Aviation Group has submitted a proposal to provide technical assistance to upgrades of the aviation authorities' safety and inspection system.

13. (SBU) On civil aviation, Ambassador urged Minister Dung to increase personnel and resources sufficiently to meet safety standards for eventual direct flights to the U.S., and encouraged him to consider the proposal by GHS Aviation Group to assist with meeting those standards. The USG has provided Vietnam's Civil Aviation Authority (CAAV) significant assistance in the form of a 3-year TDA-funded Civil Aviation Oversight project. Vietnam has a tough hill to climb to raise its oversight, certification, and inspection regime to international standards.

Background

¶4. (U) Rapid economic growth has seriously strained Vietnam's physical infrastructure. Long lead times from project planning through completion have raised concerns about the impact construction delays will have on the country's economic development. Vietnam currently spends about 8-9% of GDP on infrastructure, mostly financed by Overseas Development Assistance (ODA); estimated demand is 11% of GDP. Current GVN and ODA funding for infrastructure is inadequate to address the estimated \$200 billion in new infrastructure needed over the next five years. Capital needs for transportation infrastructure up to 2020 are an estimated USD \$116 billion.

¶5. (U) The USG provides a variety of assistance to help the GVN meet the country's infrastructure demands. For example, USAID has proposed private financing solutions to address the funding shortfall for infrastructure projects. The U.S. and Japan are co-sponsoring a Study Mission to the Philippines December 6-10 for GVN officials to see how an operational infrastructure fund that combines ODA, state funds, and private investment is being used to finance water supply infrastructure. In addition to the Civil Aviation Authority project, USTDA also funded an orientation visit to the U.S. about intelligent highways by GVN highway and transportation officials in August.

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